



London
STOCK EXCHANGE

31 August 2005

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Dear M. Demarigny

**CALL FOR EVIDENCE REGARDING TECHNICAL ADVICE ON POSSIBLE
IMPLEMENTING MEASURES CONCERNING THE TRANSPARENCY
DIRECTIVE.**

Thank you for the opportunity to comment on CESR's second call for evidence on the mandate for technical advice on implementing measures concerning the Transparency Directive. We believe that the storage and filing of regulated information is an important component of the Financial Services Action Plan. It is vital that EU policy makers come to the right conclusions so that investors have access to company information in as efficient and low cost manner as possible.

It is also essential that the storage system that develops does not become too cumbersome for companies and their advisors. In the areas of security and other technical standards for electronic transmission and storage, CESR should have regard to the workflows and data formats in common usage by companies; it is vital that Officially Appointed Mechanisms (OAMs) do not create additional resource and cost burdens for companies.

In addition it is important that flexibility is built-in to Level 2, for example, we believe it is inappropriate at the current point in time to require filers to use input standards such as XBRL, though we recognise that this may be beneficial in the longer term. However, we do recognise the usefulness of templates and forms for the storage of corporate actions, such as dividends, as standardising these would reduce confusion in the marketplace: we believe that companies and advisors could be encouraged to use approved templates that would in time become the industry norm.

As an additional point, we find it incongruous that the technical advice should go into details on minimum quality standards for OAMs (such as how best to ensure authenticity of origin) at level 2 when the advice on disseminating regulated information is high level e.g. "an appropriate level of security must be incorporated into the dissemination mechanism". The risk in terms of market impact is much higher with real time dissemination than with public filings.

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We note that the mandate specifically does not require CESR to provide advice on *who* should be appointed at national level for the operation of the storage mechanism – instead it focuses on areas such as minimum standards – and our response is therefore also limited to these areas. Specific points in relation to the issues raised in the mandate are set out below.

Role of the OAM for the central storage of regulated information

- Electronic form - we believe that regulated information should be sent to the storage mechanism, and stored there, in electronic form only. Electronic format is the only practical way that users can access information cross-border, and this is one of the main purposes for establishing a central storage mechanism.
- Authenticity of origin - OAMs should ensure that the information received is from an authentic source; whether that is the issuer or a Service Provider. Where receipt is not directly from the issuer, there is no need for OAMs to authenticate the actual source (as this will have already been done by the Service Provider).
- Input standards and templates - we do not believe that issuers should be required to use certain input standards – the implementing measures should be flexible enough to accommodate new data formats (e.g. XBRL) as these become commonly used, but should not mandate them. Likewise, the development of standard templates should be encouraged, but not mandated.
- Content checking - we do not believe that any content checking procedure is necessary, as it is the issuer's responsibility to make sure that the content meets requirements. In terms of quality assurance, competent authorities may want to conduct some *ex post* analysis of regulated information to ensure that it meets the requirements of the FSAP directives, but this should not be required in all cases.
- Language regime - we believe that with internet-based systems operated by OAMs, the instructions themselves (i.e. how to use the search facility) should be available in all native languages. The mechanism should also be able to cater for multi-language filings. However, regulated information should not need to be made available in all languages as this would be immensely burdensome on issuers, and would be contrary to the spirit of the Directive.

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Costs and funding

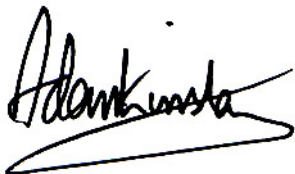
We realise that the Transparency Directive requires the setting up of a central storage mechanism. However, we believe that a cost benefit analysis should be undertaken, to determine whether the benefits of setting up and operating OAMs outweigh the costs associated with it.

The filing of regulated information by electronic means with the competent authority

- Means of filing - we believe that it will be most efficient for filers to use electronic means for filing information with competent authorities, however since 'filers' includes both issuers and holders of voting rights etc, it may be best to introduce this gradually, with a bias towards e-filing to encourage its development (such as a tariff weighted against hard copy submission).
- Input standards or templates - we do not believe that CESR should mandate any input standards or templates at this stage, although this may evolve as the system develops.
- Alignment of this procedure with the filing with the OAM - it seems to us that if the competent authority operates the OAM, then information should only need to be sent to the competent authority once, for the purposes of fulfilling obligations under both Article 19(1) and 21(2). However, if the OAM is not operated by the competent authority, it should be up to the individual competent authority to decide whether they wish to act as an interface and for them to work out the details of any arrangement with the OAM.

We would be happy to discuss any specific matters with CESR, and we look forward to responding to the future consultation.

Yours sincerely



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